

Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-14 EUR-12 EA-12 IO-14 ISO-00 SIG-03
AGR-01 CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02
INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02
CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00 ICA-20
SP-02 SOE-02 OMB-01 DOE-15 /166 R

DRAFTED BY EB/OT/STA:JSSPIRO:JH
APPROVED BY EB/OT/STA:JSSPIRO
EB/EWT:HCLARKE

-----124231 072127Z /75

P R 071941Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY WARSAW PRIORITY
AMEMBASSY PRAGUE PRIORITY
AMEMBASSY BUDAPEST PRIORITY
AMEMBASSY BUCHAREST PRIORITY
AMEMBASSY MOSCOW PRIORITY
AMEMBASSY SOFIA PRIORITY
AMEMBASSY BELGRADE PRIORITY
AMEMBASSY BERLIN PRIORITY
USLO PEKING PRIORITY
INFO AMEMBASSY PARIS
USMISSION GENEVA
AMEMBASSY BRUSSELS
USINT HAVANA

UNCLAS STATE 198756

ALSO FOR USOECD, USEC

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: ANTIDUMPING -- TREASURY ANNOUNCES REVISED ANTI-
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DUMPING REGULATIONS FOR VALUING MERCHANDISE FROM STATE-
CONTROLLED ECONOMIES

REF: STATE A-0255, JANUARY 26, 1978

1. THEREFOLLOWS THE TEXT OF A TREASURY PRESS RELEASE
ISSUED AUGUST 4 WHICH DESCRIBES THE REVISED TREASURY

ANTIDUMPING REGULATION ON VALUING MERCHANDISE FROM STATE CONTROLLED ECONOMIES. THE REVISED REGULATION ARE BEING POUCHED TO ADDRESSEE POSTS. (BEGIN TEXT)

THE TREASURY DEPARTMENT ANNOUNCED TODAY A REVISED REGULATION FOR THE VALUATION OF MERCHANDISE FROM STATE-CONTROLLED ECONOMIES UNDER THE ANTIDUMPING ACT.

UNDER THE NEW REGULATION, PRODUCTS IMPORTED FROM COUNTRIES CONSIDERED "STATE-CONTROLLED" WILL BE VALUED FOR THE PURPOSES OF THE ANTIDUMPING ACT BY COMPARING THEM TO SIMILAR PRODUCTS MADE AND SOLD IN A NON-STATE-CONTROLLED ECONOMY THAT IS AT A COMPARABLE STAGE OF ECONOMIC DEVELOP-

MENT.

IF SIMILAR PRODUCTS ARE NOT ACTUALLY MADE AND SOLD IN SUCH A FREE MARKET ECONOMY, A "CONSTRUCTED VALUE" FOR THE MERCHANDISE WILL BE CALCULATED BASED ON THE PHYSICAL INPUTS (LABOR, MATERIAL, ENERGY, ETC.) IN THE STATE-CONTROLLED ECONOMY, VALUED IN A NON-STATE-CONTROLLED ECONOMY AT A COMPARABLE STAGE OF ECONOMIC DEVELOPMENT.

IF NEITHER OF THESE PROCEDURES PROVIDES DATA THAT CAN BE VERIFIED TO THE SATISFACTION OF THE SECRETARY OF THE TREASURY, DOMESTIC PRICES AND COSTS MAY BE USED TO UNCLASSIFIED

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ESTABLISH THE "FAIR VALUE" OF THE MERCHANDISE.

UNDER THE ANTIDUMPING ACT, A SPECIAL DUMPING DUTY IS APPLIED TO PRODUCTS IMPORTED AT "LESS THAN FAIR VALUE" IF THE INTERNATIONAL TRADE COMMISSION DETERMINES THAT SUCH SALES CAUSE OR THREATEN INJURY TO A U.S. INDUSTRY. "FAIR VALUE" IS GENERALLY BASED ON THE PRICES OR COSTS OF THE FOREIGN PRODUCER IN ITS HOME MARKET OR SALES TO THIRD COUNTRIES.

HOWEVER, BECAUSE THE PRICES AND COSTS IN STATE-CONTROLLED ECONOMIES ARE GENERALLY NOT REFLECTIVE OF MARKET SUPPLY AND DEMAND, BUT ARE ARBITRARILY DETERMINED, THEY CANNOT BE USED TO ESTABLISH "FAIR VALUE" UNDER THE ANTIDUMPING ACT.

THE NEW REGULATION PROVIDES A BASIS FOR ESTABLISHING "FAIR VALUE" FOR A PRODUCER IN A STATE-CONTROLLED ECONOMY THAT TAKES INTO ACCOUNT ANY ADVANTAGES (AND DISADVANTAGES) IN ITS PRODUCTION ABILITIES, AND ALLOWS THE RESOURCES USED TO BE VALUED IN A MARKET ECONOMY THAT IS APPROXIMATELY COMPARABLE TO THE ECONOMY IN WHICH THE

GOODS ARE PRODUCED.

THE NEW METHOD FOR CALCULATING "FAIR VALUE" MIGHT BE APPLIED, FOR EXAMPLE, TO THE CASE OF GOLF CARTS FROM POLAND. GOLF CARTS ARE NOT SOLD IN POLAND AND APPEAR NOT TO BE PRODUCED IN COMMERCIAL QUANTITIES IN ANY OTHER COUNTRY OUTSIDE THE UNITED STATES. THE COST OF PRODUCING GOLF CARTS (PLUS STATUTORY MINIMUMS FOR GENERAL EXPENSES AND PROFIT) MAY NOW BE CALCULATED BY OBTAINING THE VERIFIED PHYSICAL INPUTS FROM THE POLISH PRODUCER AND VALUING THEM IN A NON-STATE-CONTROLLED ECONOMY SUCH AS SPAIN OR PORTUGAL.

THE REGULATION WAS FIRST PROPOSED IN JANUARY 1978 AND UNCLASSIFIED

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HAS BEEN INTENSIVELY STUDIED SINCE THEN. IT IS BEING

ADOPTED ON A TRIAL BASIS AND WILL BE RECONSIDERED IN THE LIGHT OF EXPERIENCE. (END TEXT)

CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TREASURY
Control Number: n/a
Copy: SINGLE
Draft Date: 07 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE198756
Document Source: CORE
Document Unique ID: 00
Drafter: JSSPIRO:JH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780323-0380
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780891/aaaacyew.tel
Line Count: 142
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: de5f9a67-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE A-255
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1817465
Secure: OPEN
Status: NATIVE
Subject: ANTIDUMPING -- TREASURY ANNOUNCES REVISED ANTI- UNCLASSIFIED UNCLASSIFIED
TAGS: ETRD
To: WARSAW PRAGUE MULTIPLE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/de5f9a67-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014